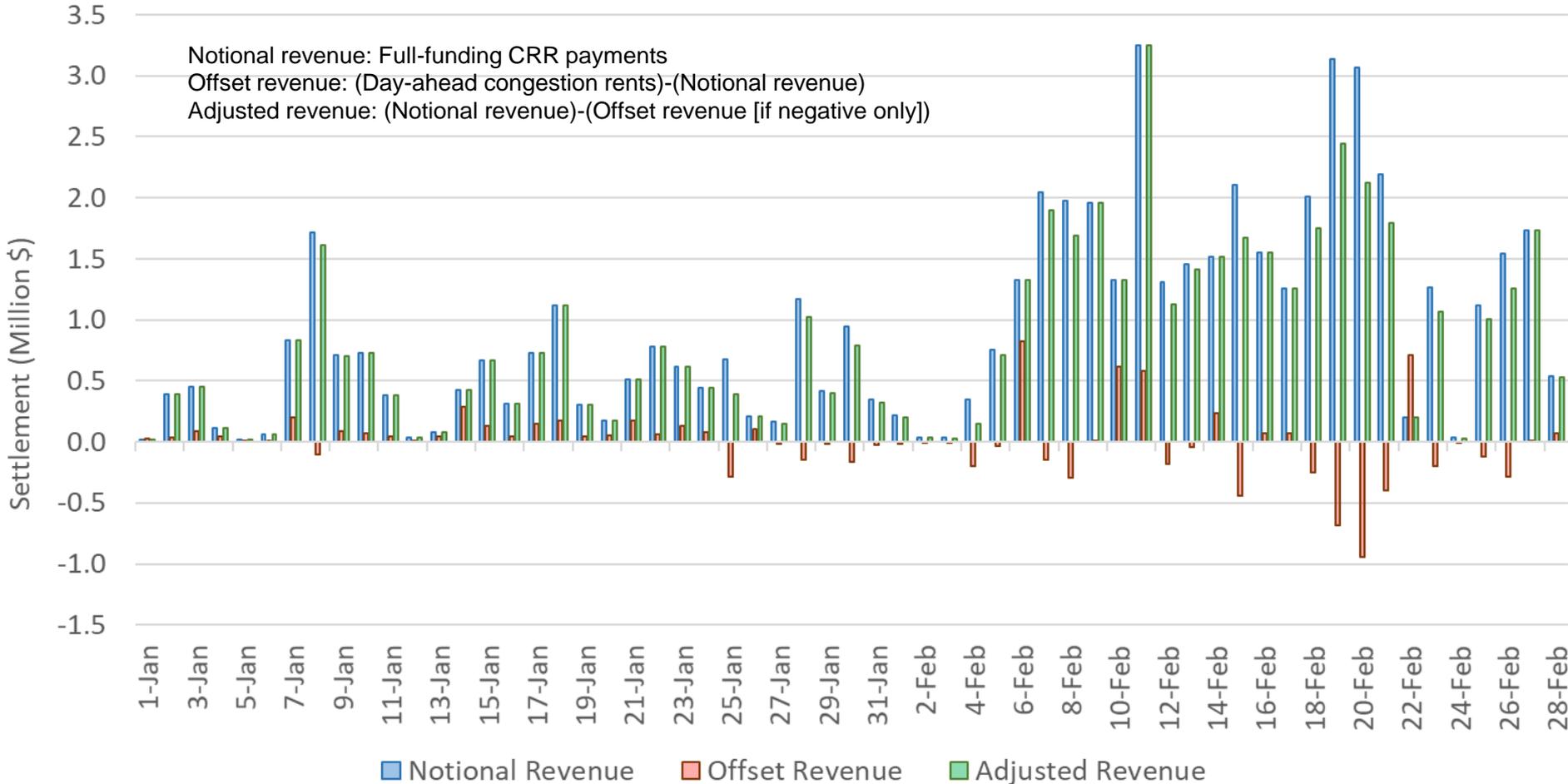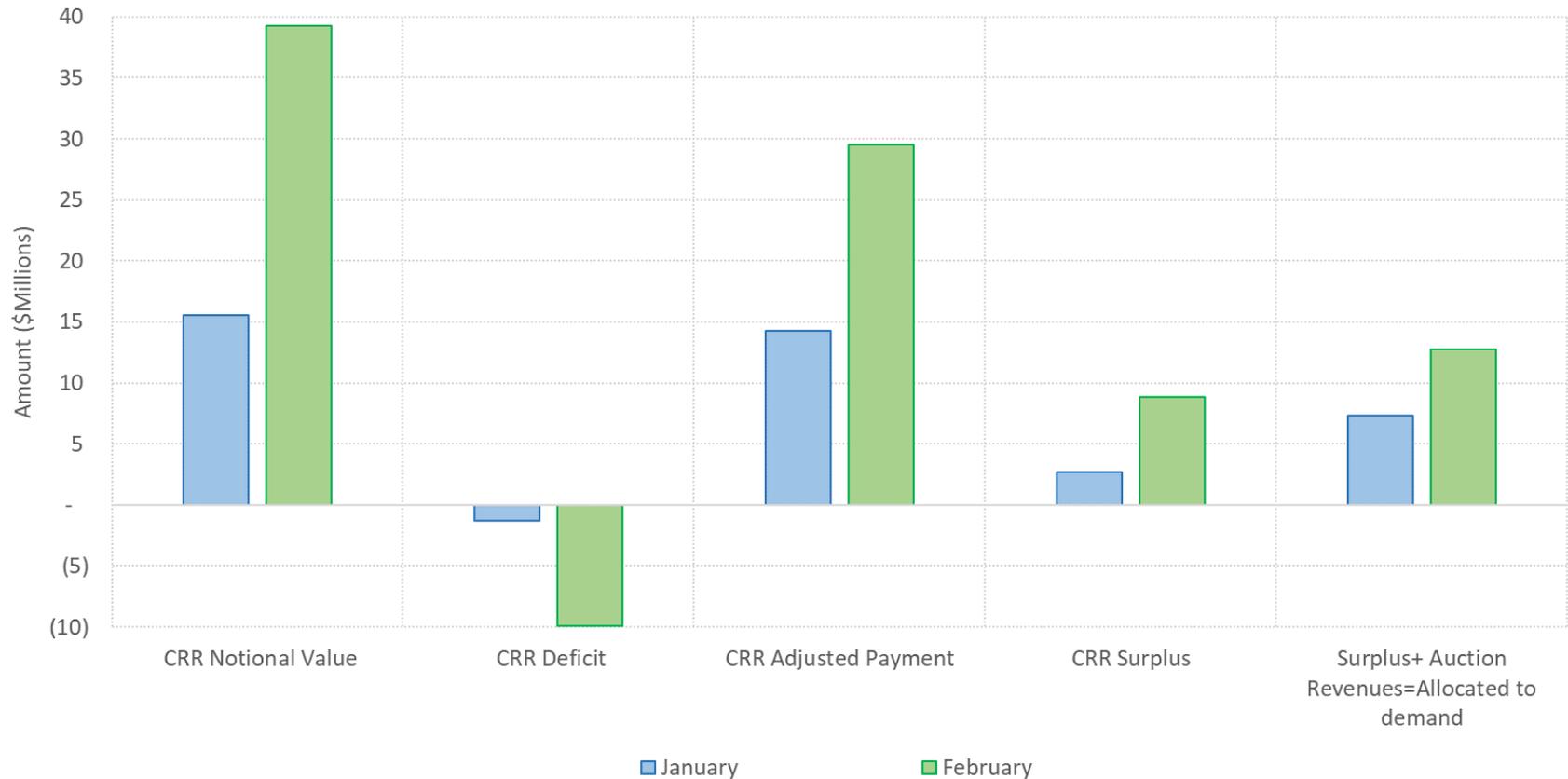# CRR Market Analysis discussion

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Market Surveillance Committee Meeting
General Session
April 4, 2019

Pro-rata funding logic for CRRs took effect in January 2019

Notional revenue: Full-funding CRR payments
Offset revenue: (Day-ahead congestion rents)-(Notional revenue)
Adjusted revenue: (Notional revenue)-(Offset revenue [if negative only])

California ISO

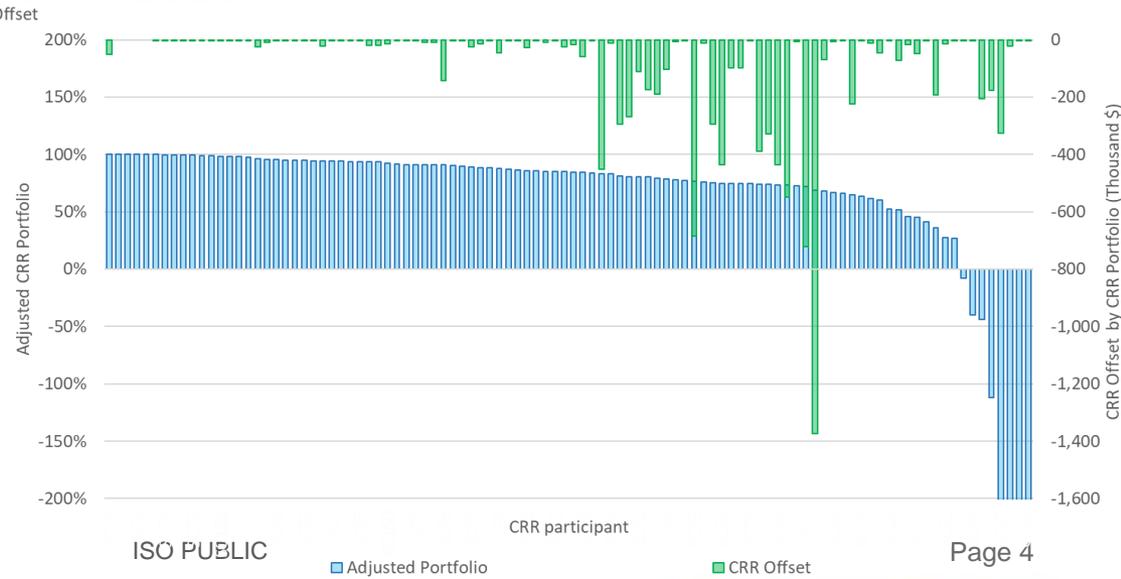# Higher congestion was observed in February as compared to January

California ISO

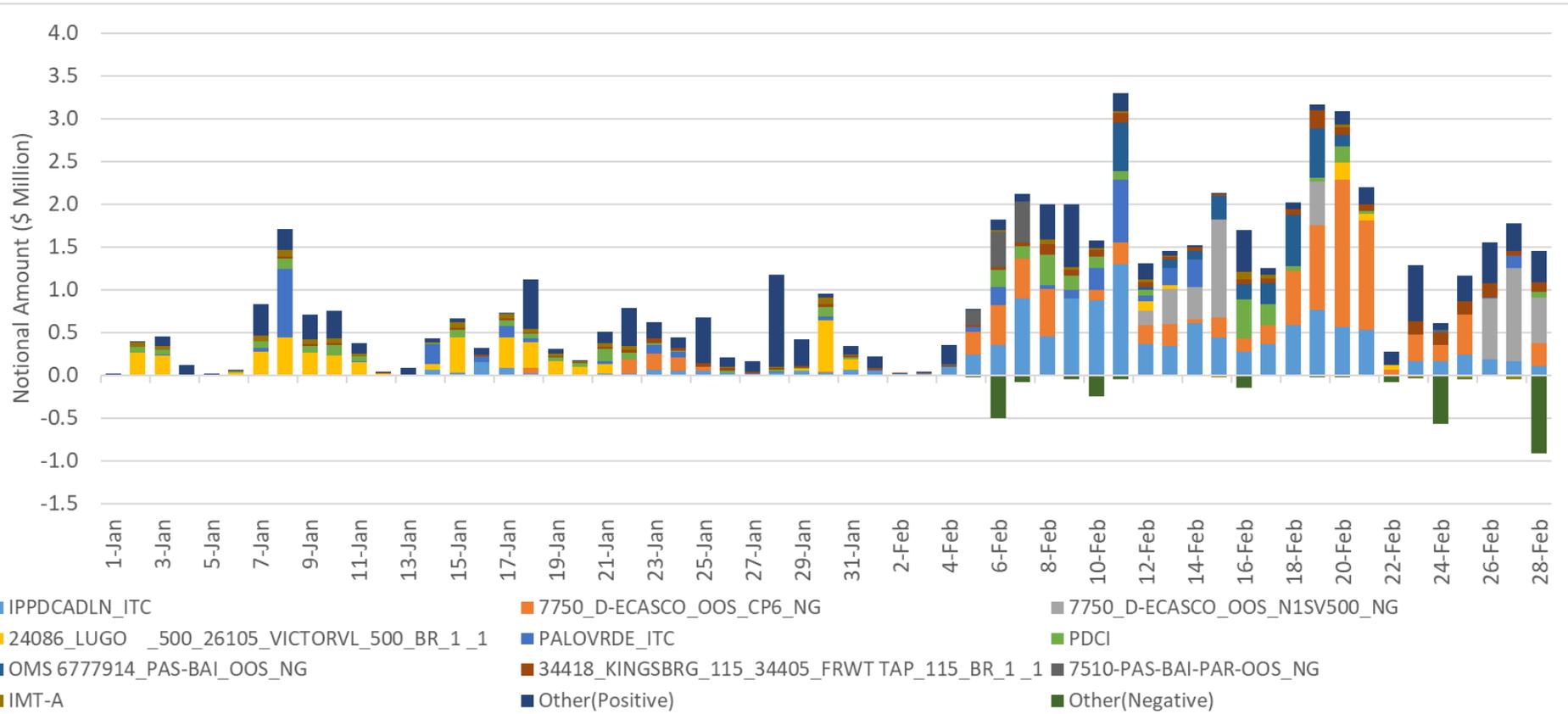# Based on its contribution to deficiency, each CRR portfolio saw accordingly a pro-rata adjustment
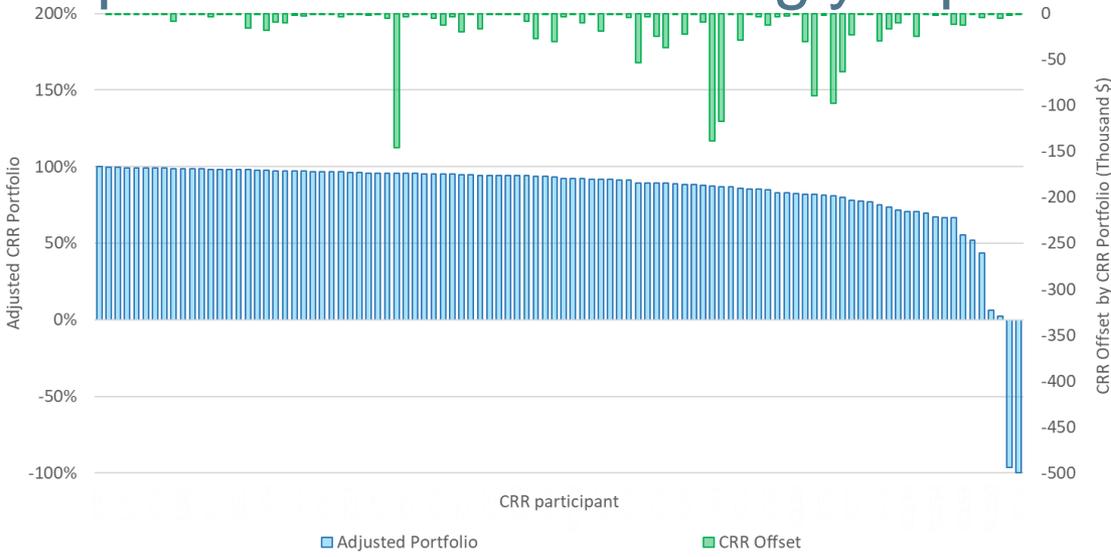
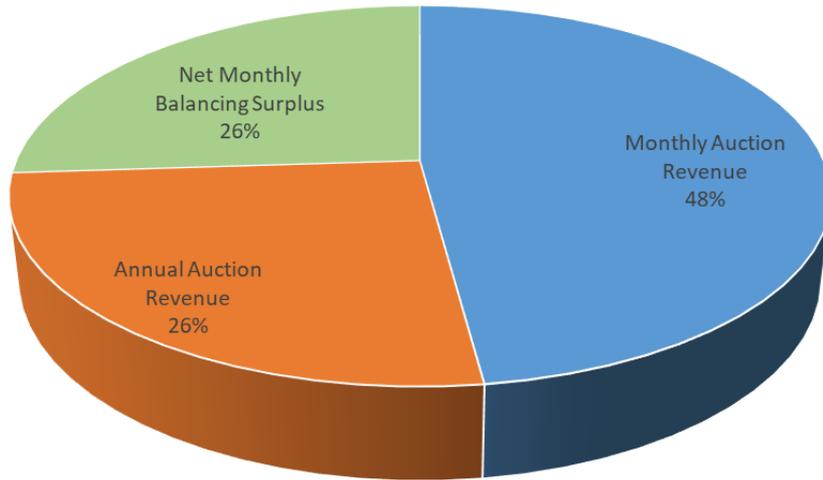CRR portfolio adjustment for January

CRR portfolio adjustment for February

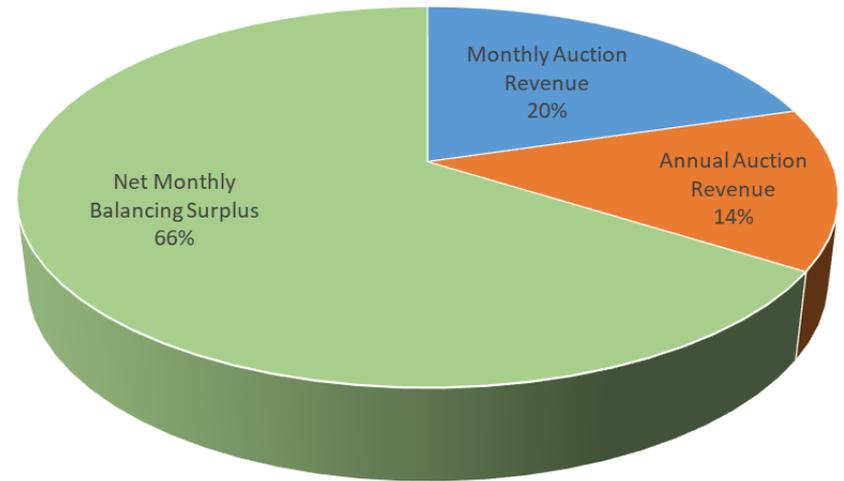# CRR notional value is now estimated for each transmission constraint

California ISO

Total CRR surplus includes both auction revenues and surplus offset, and all of that is allocated to measured demand

January - Balancing Account (~7.4 million)

- Net Monthly Balancing Surplus 26%
- Monthly Auction Revenue 48%
- Annual Auction Revenue 26%

February - Total Balancing Account (~12million)

- Monthly Auction Revenue 20%
- Annual Auction Revenue 14%
- Net Monthly Balancing Surplus 66%

Pro-rata funding tracks the CRR surplus separately

With the pro-rata funding in place, Measured Demand has gotten additional $1.3 million and $9.7 million of CRR surplus allocated in January and February.

California ISO
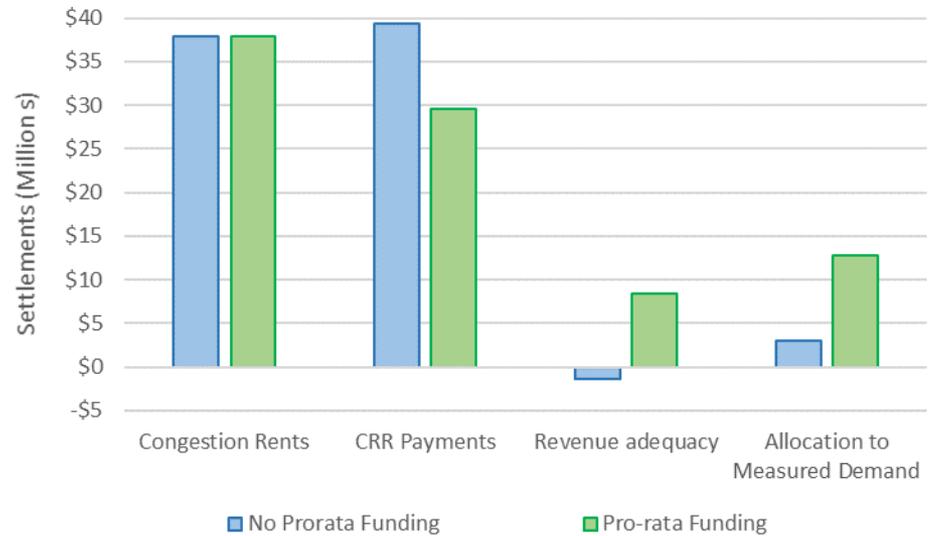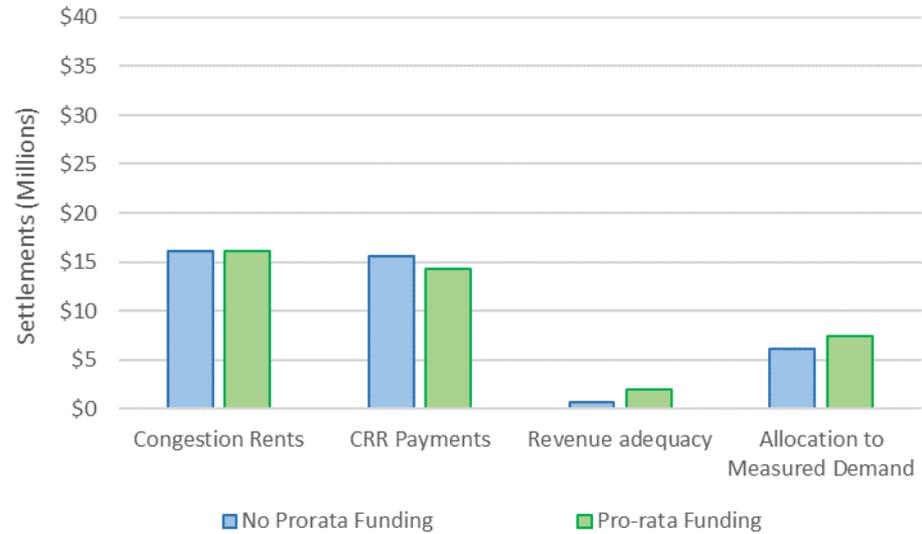
Day-ahead estimated flows, which accrue congestion rents, and CRR flows were both below the day-ahead cleared flow due largely to accounting for unscheduled flows


LUGO - VICTORVL_500_BR_1 _1 - Compare Flows

Legend: IFM estimated flow · CRR flow · IFM Cleared Value
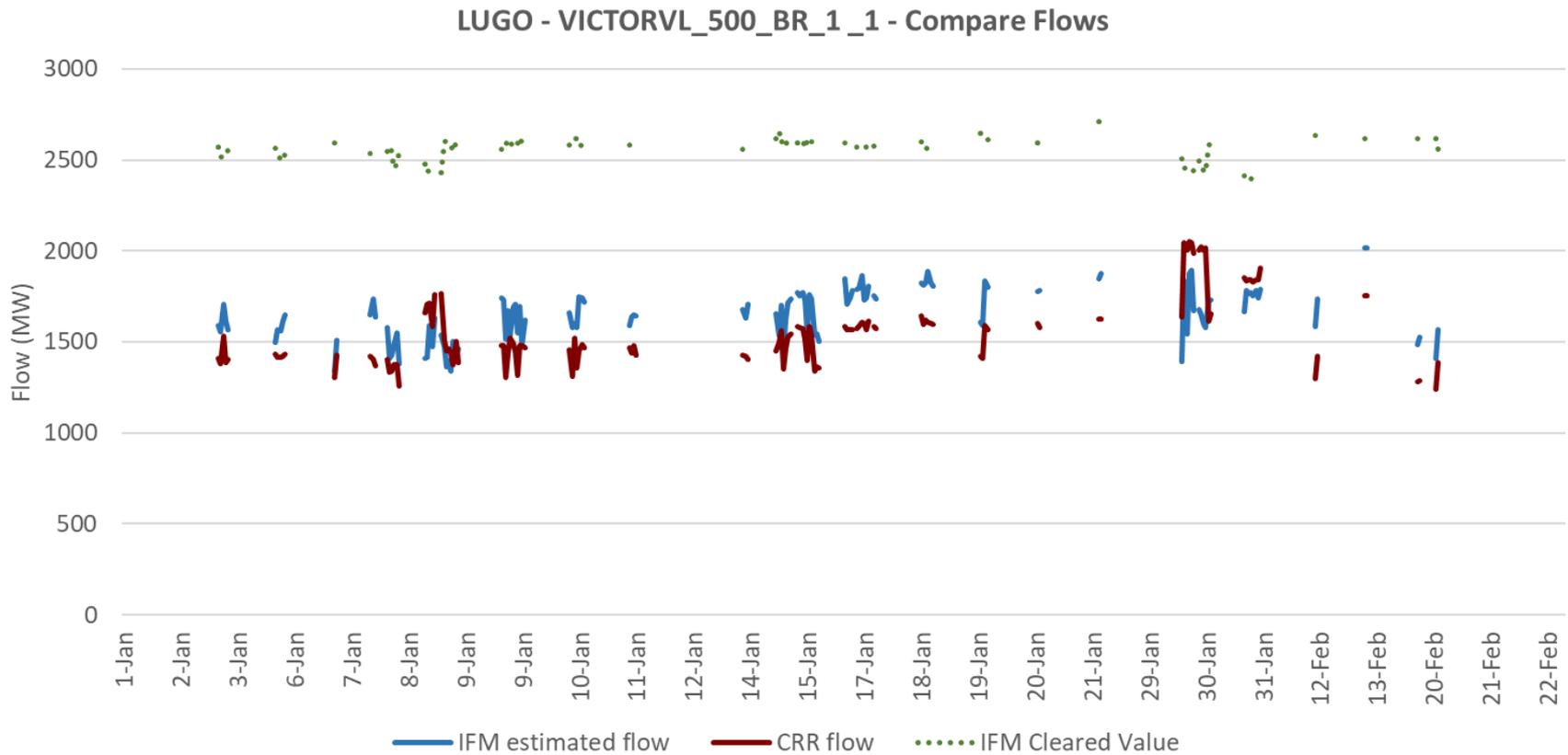
7750 D-ECASCO_OOS_CP6_NG nomogram observed a CRR deficit due to more capacity being released in CRR market

7750_D-ECASCO_OOS_CP6_NG - Compare Flows

California ISO
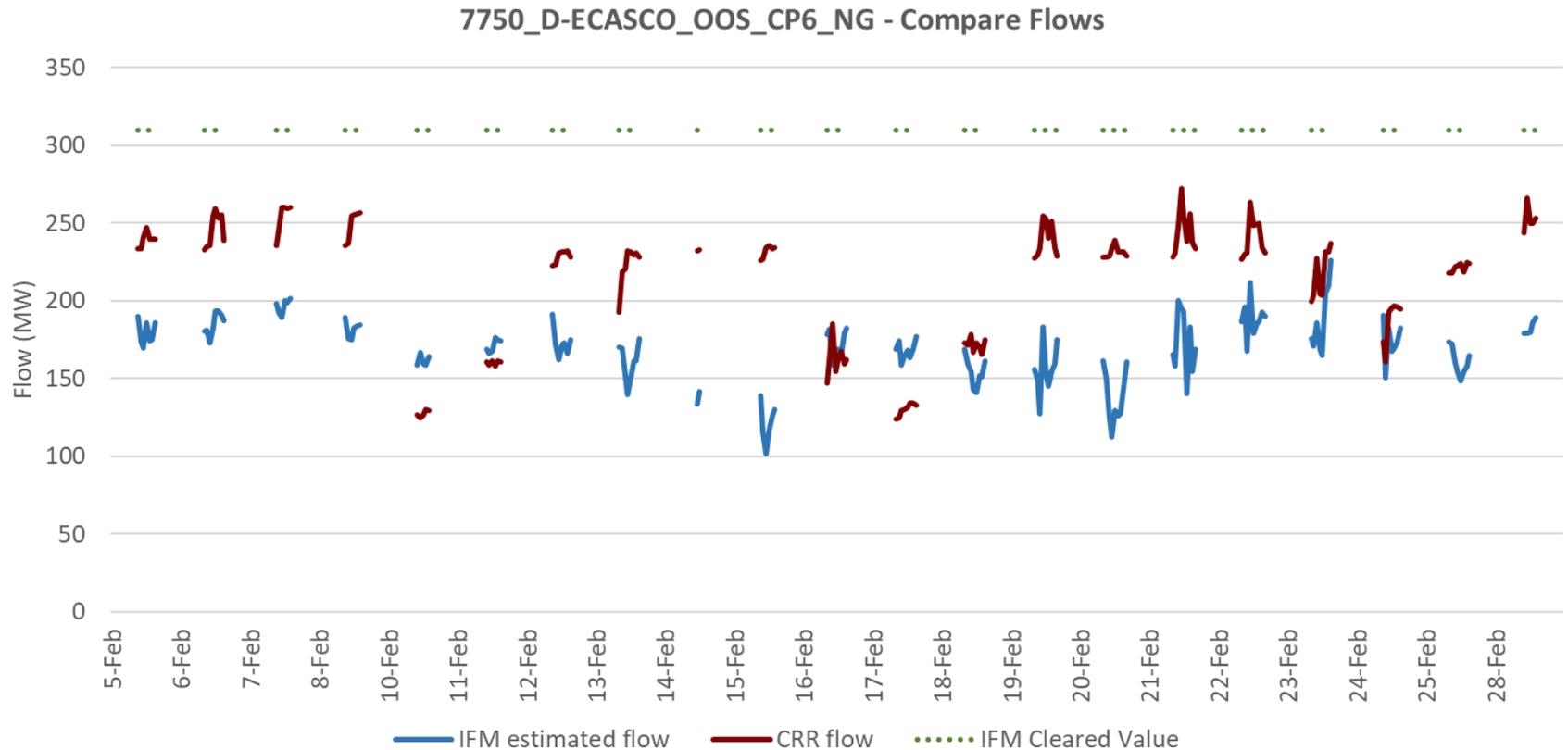
CRR pro-rata funding logic is calculated at the CRR portfolio level

- New Settlements logic calculates and allocates offsets at the CRR portfolio level and by constraint

- For analysis purposes a logic to disaggregate the portfolio-level settlements into individual CRRs was developed

- This logic preserves the spirit of the pro-rata funding

- The metrics are based only on obligation CRRs

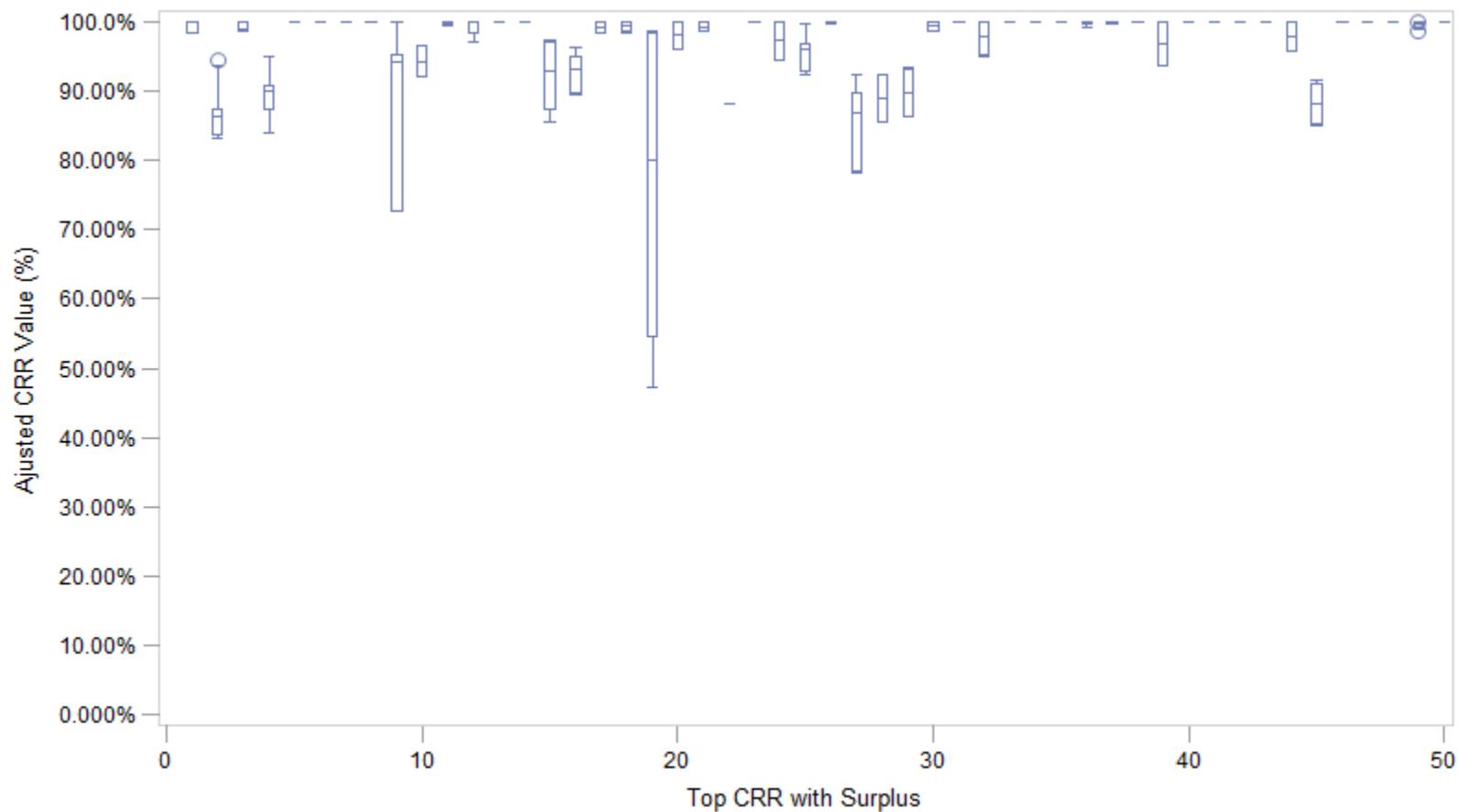- Metrics based on available data and still subject to adjustments

CRR payments and offsets were evenly distributed between auction and allocation CRRs

January
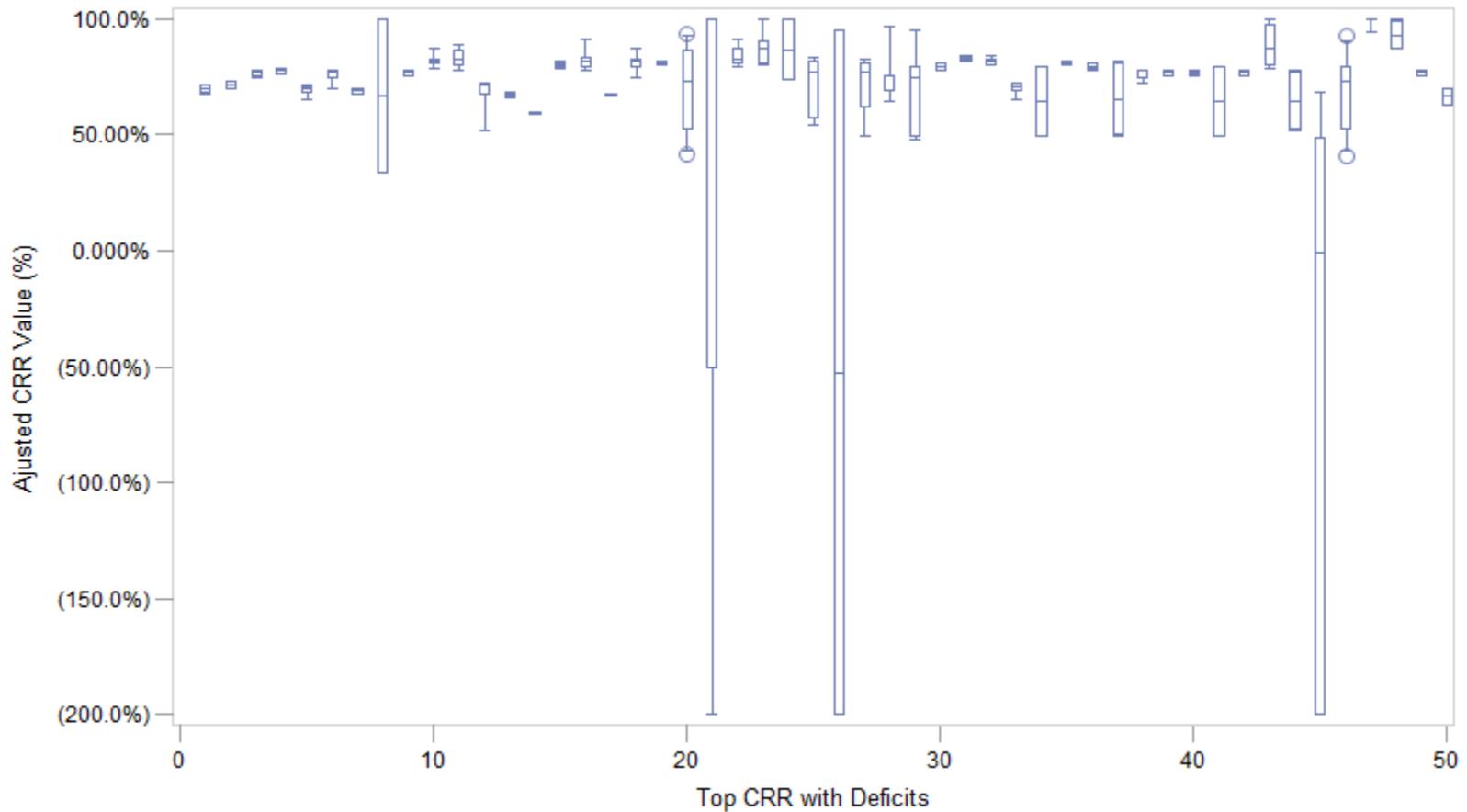

February

California ISO
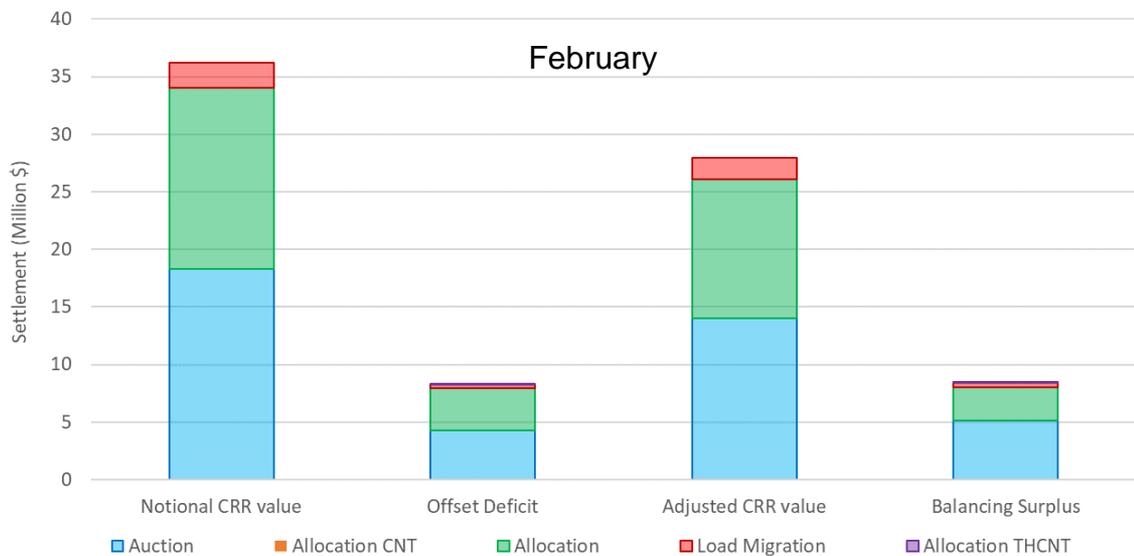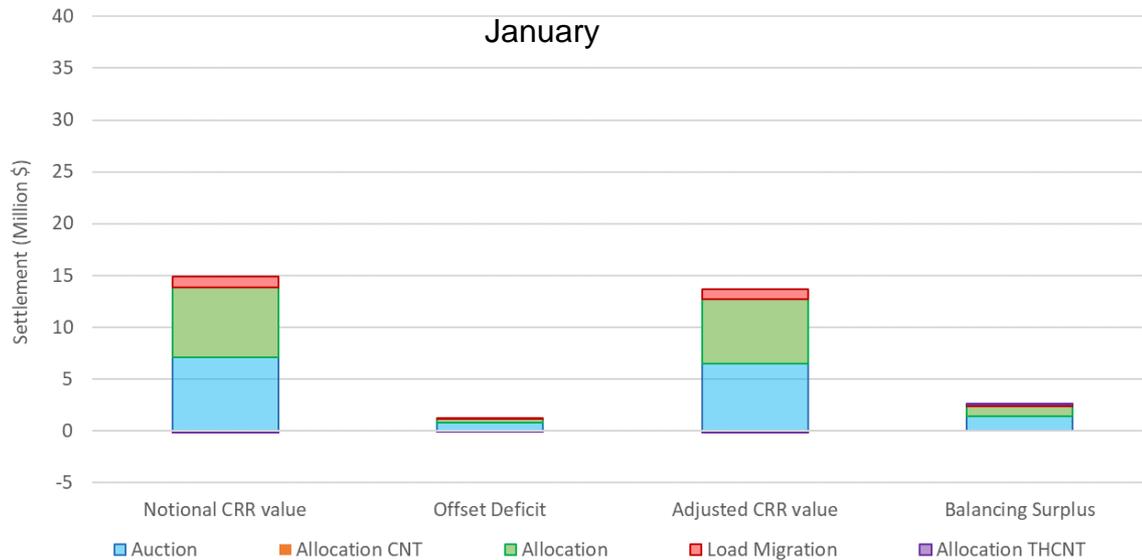
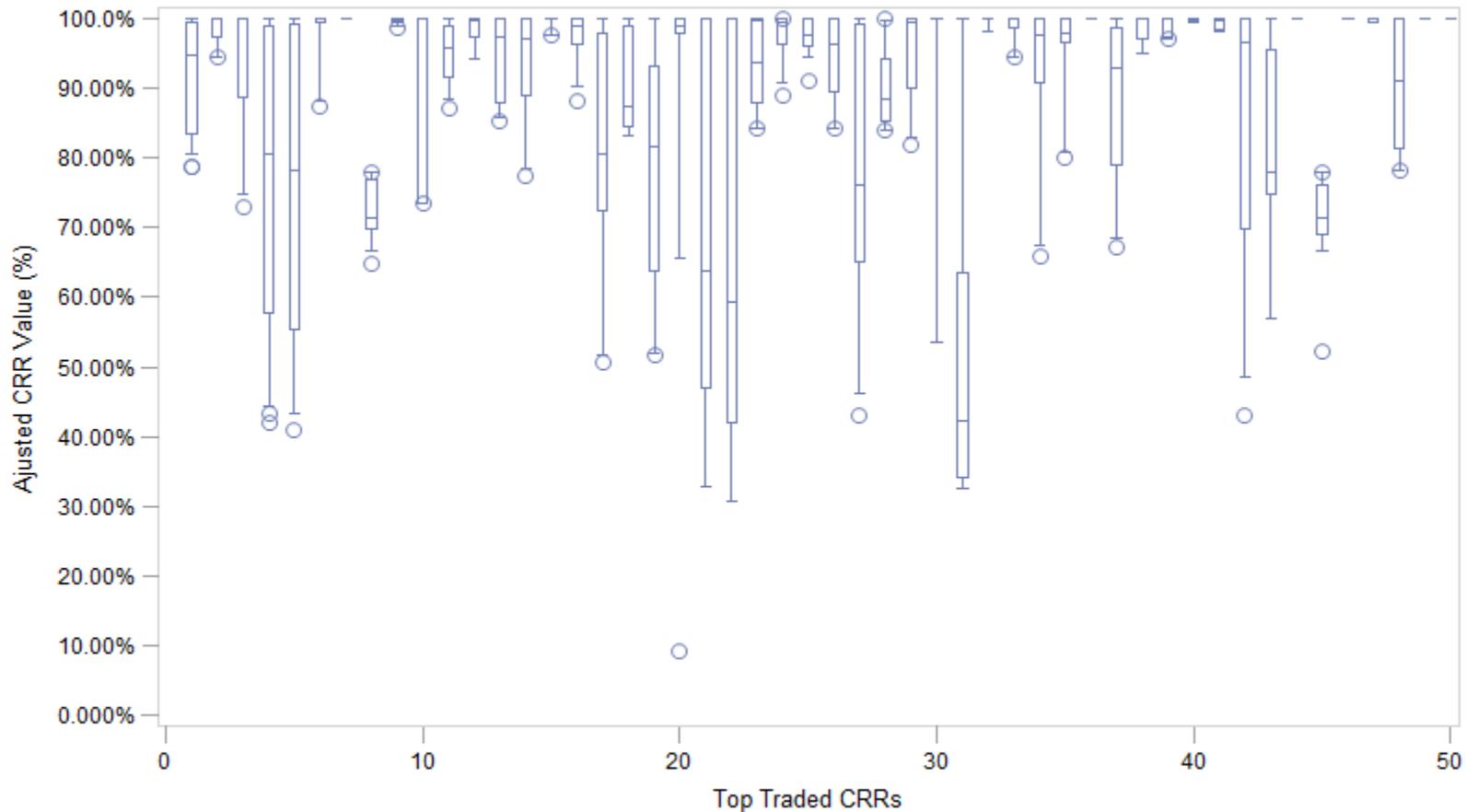# Pro-rata funding modestly decreased the auction revenue shortfall
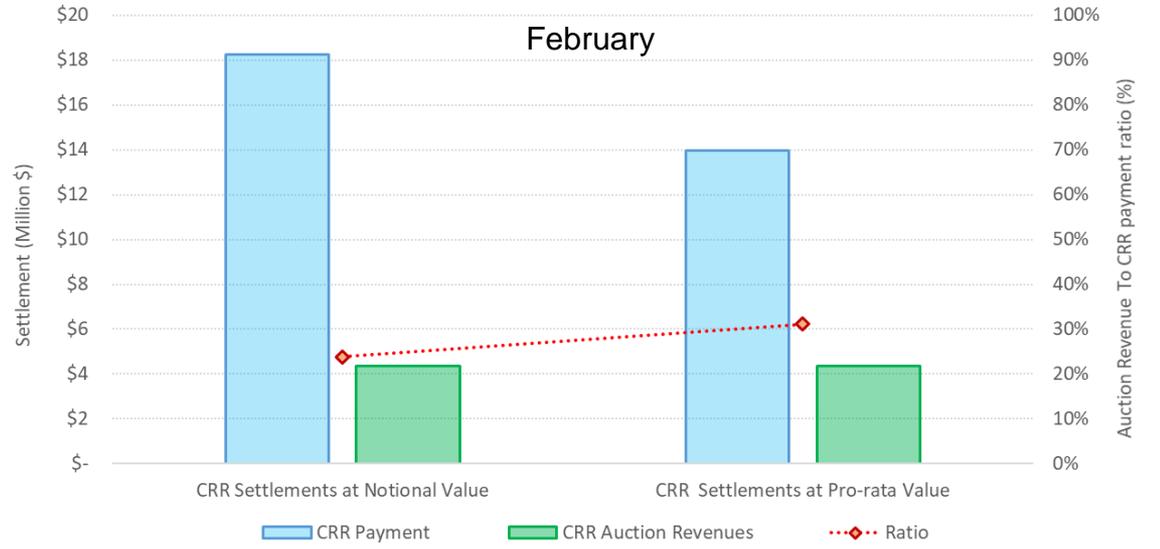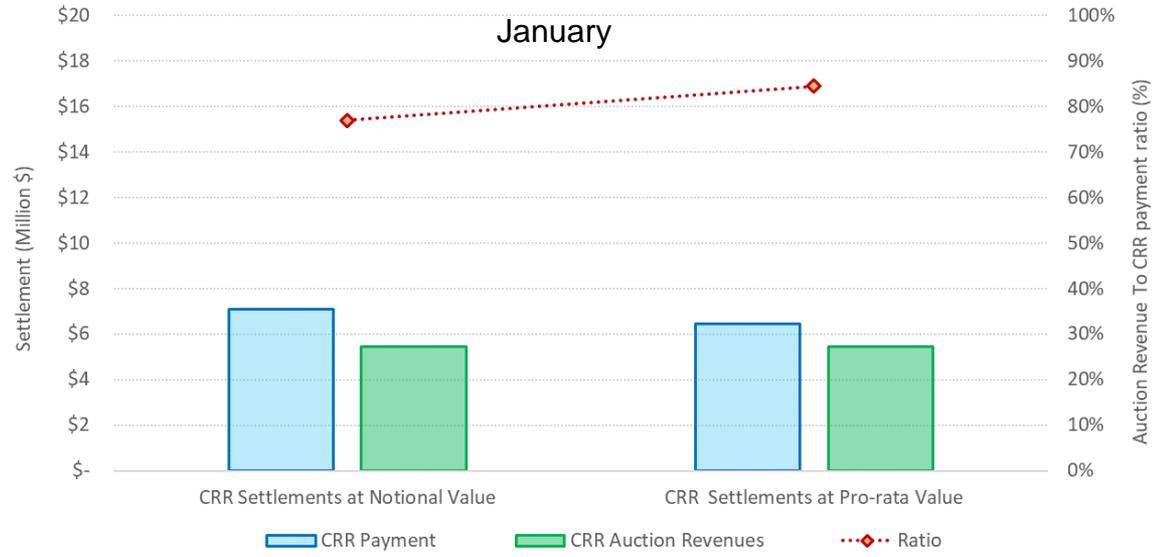
Top CRRs with surplus offsets saw a relatively narrow spread of adjustments

Top CRRs with deficit offsets saw a relatively narrow spread of adjustments
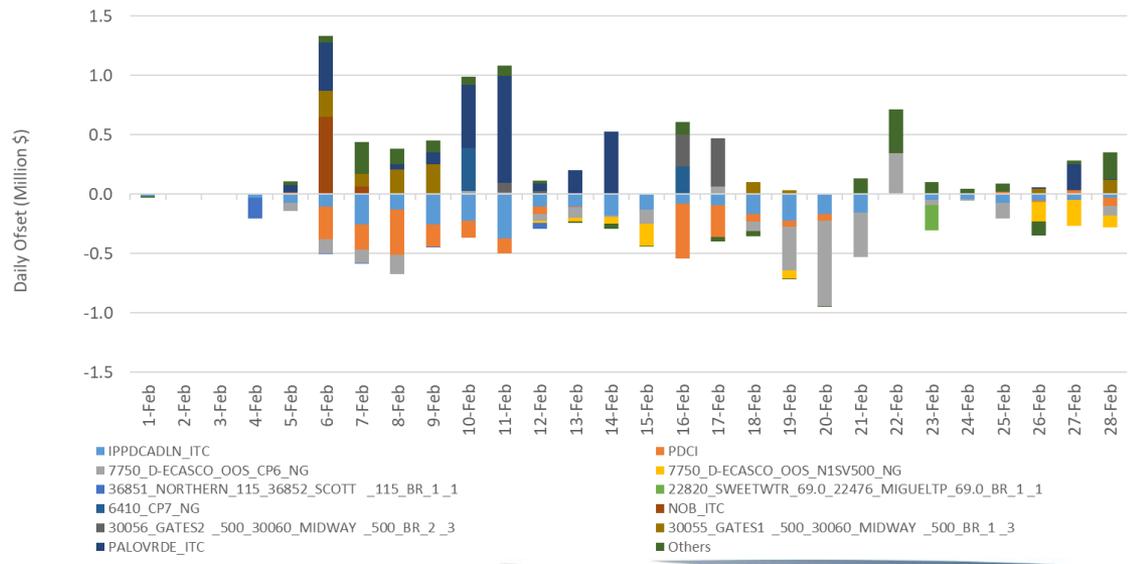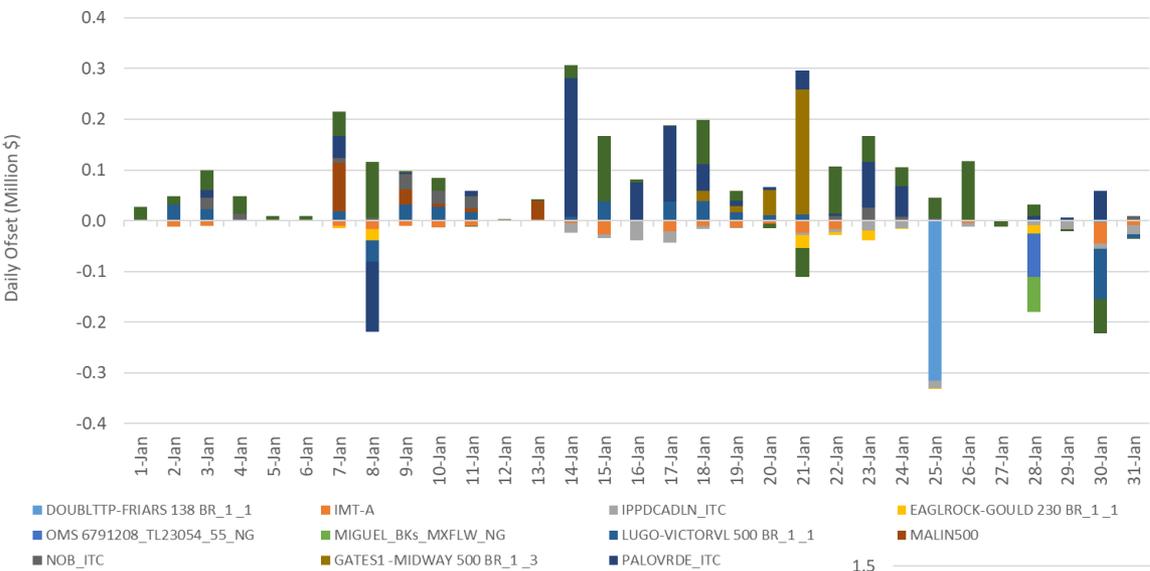
California ISO

The 50 most traded CRRs (auction and allocation) saw a large spread of adjustments
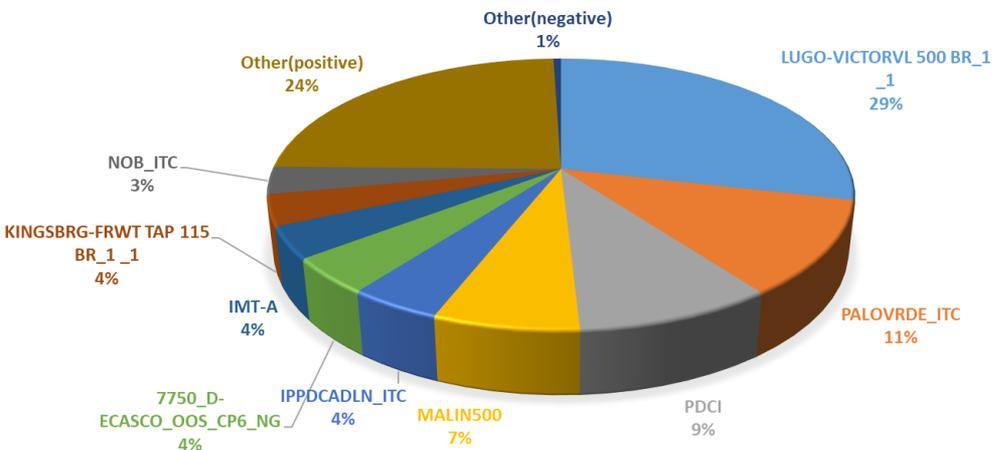
Appendix

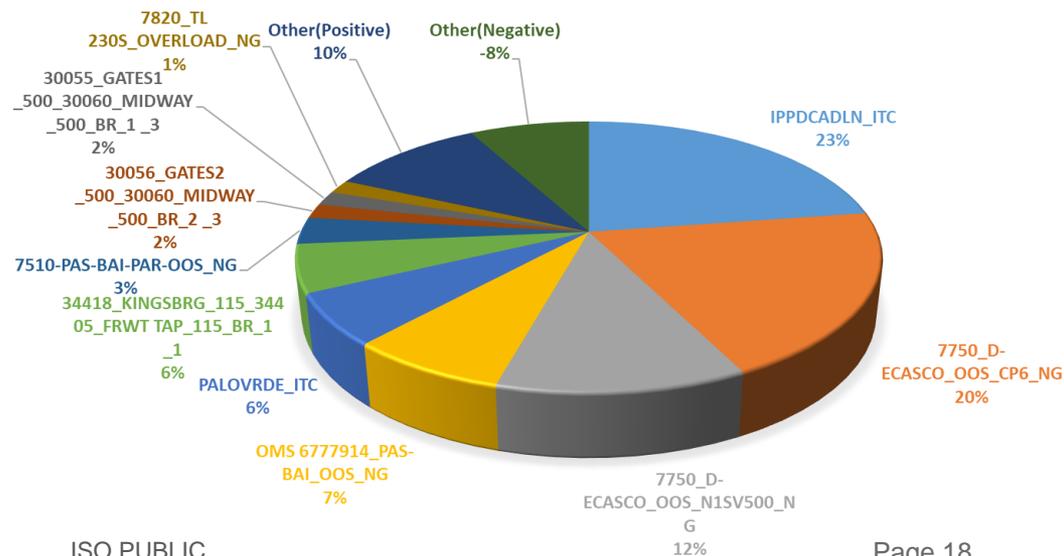# CRR offsets (surplus and deficits) are tracked separately by constraint
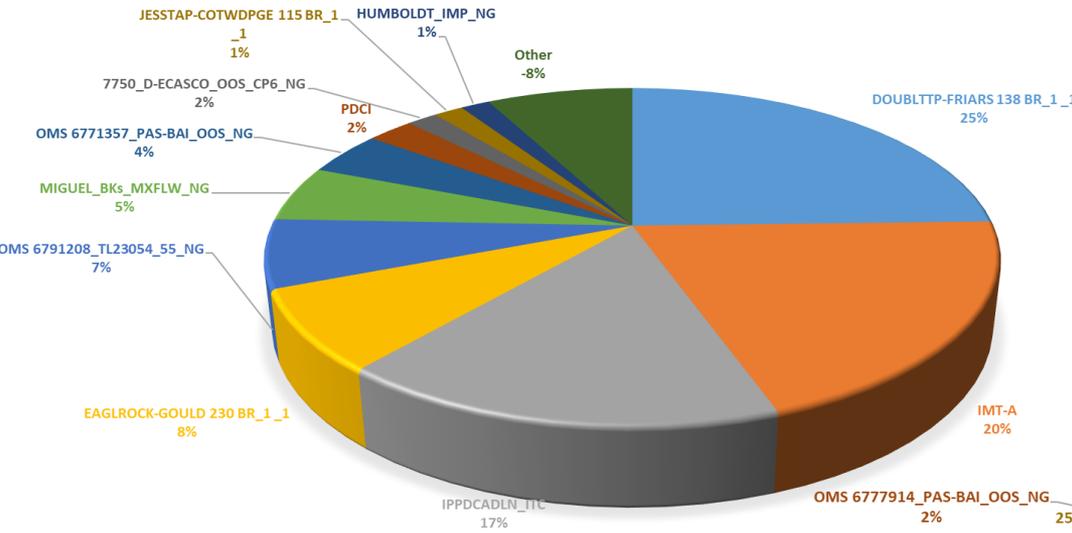
Total CRR payment after pro-rata adjustments

Total CRR Payment
for January was
approximately $14 million

Total CRR Payment
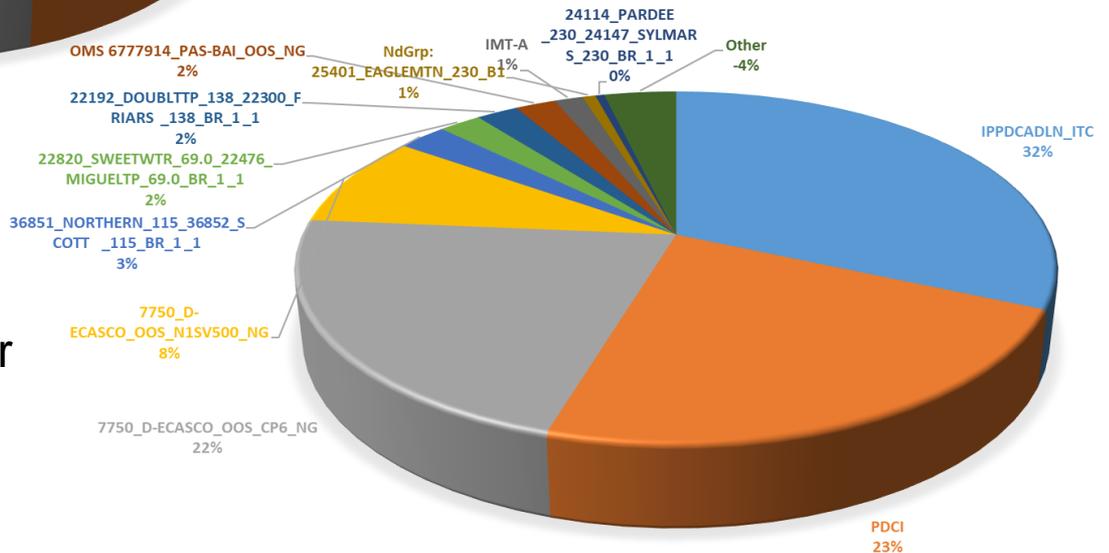for February was
approximately $29.5 million

California ISO

CRR deficit is pro-rata allocated by constraint to all impactful CRRs
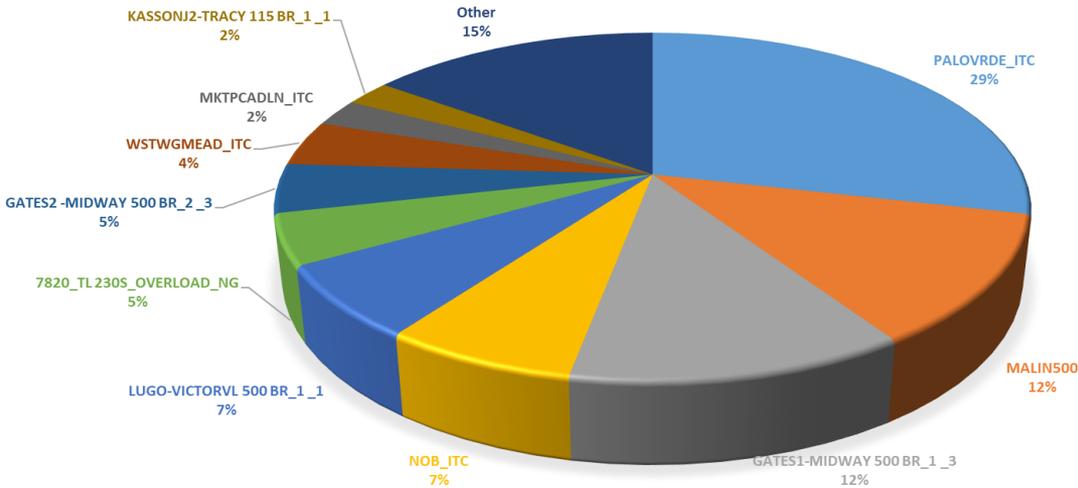

Monthly Deficit Amount for January was approximately $1.2 million

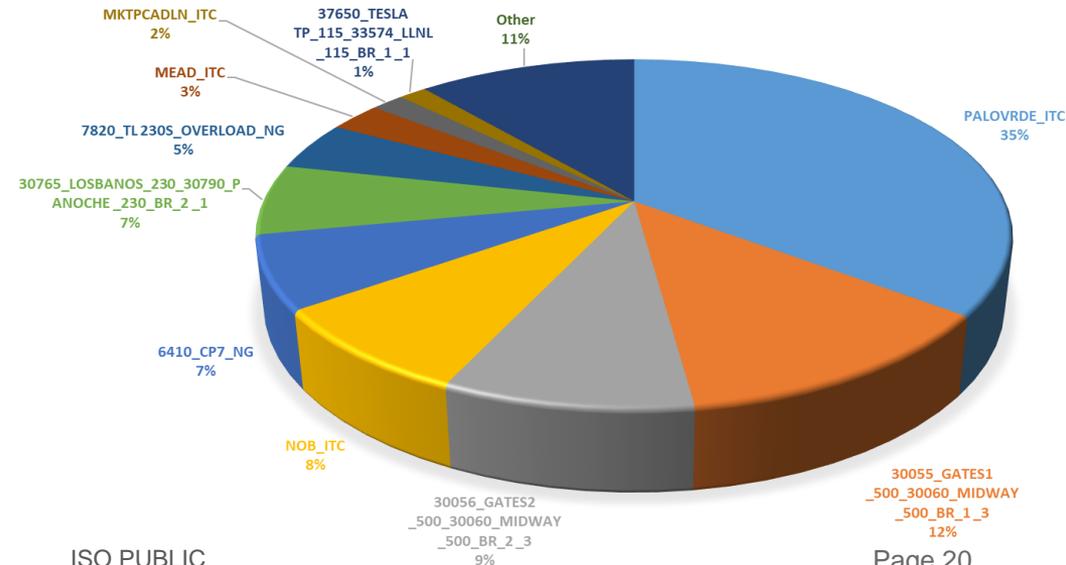Monthly Deficit Amount for February was approximately $10 million

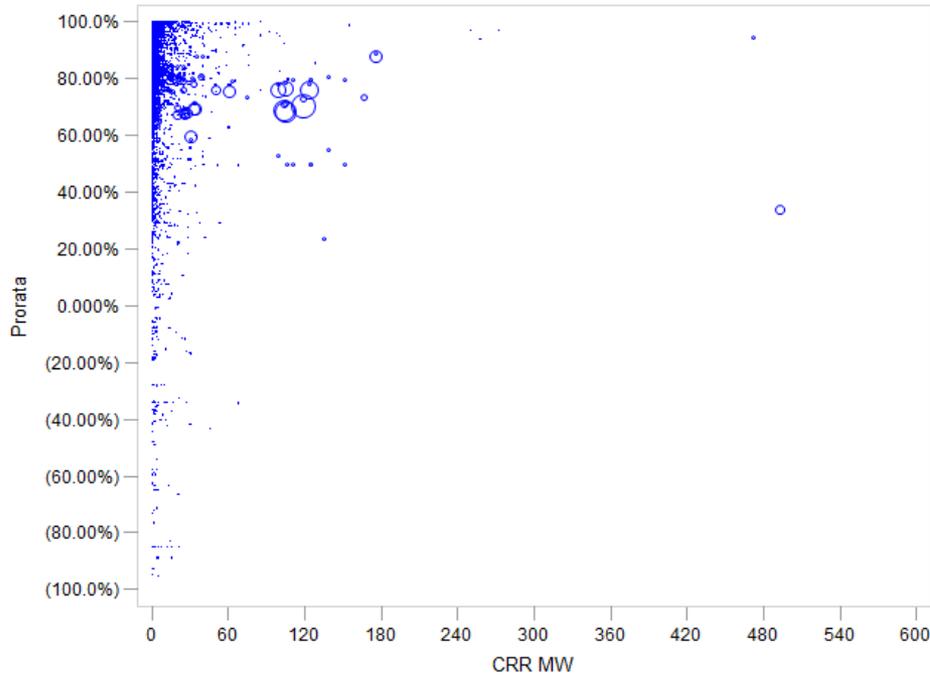California ISO

CRR surplus is allocated to measured demand

Monthly Surplus Amount for January was approximately $2.6 million

Monthly Surplus Amount for February was approximately $8.8 million
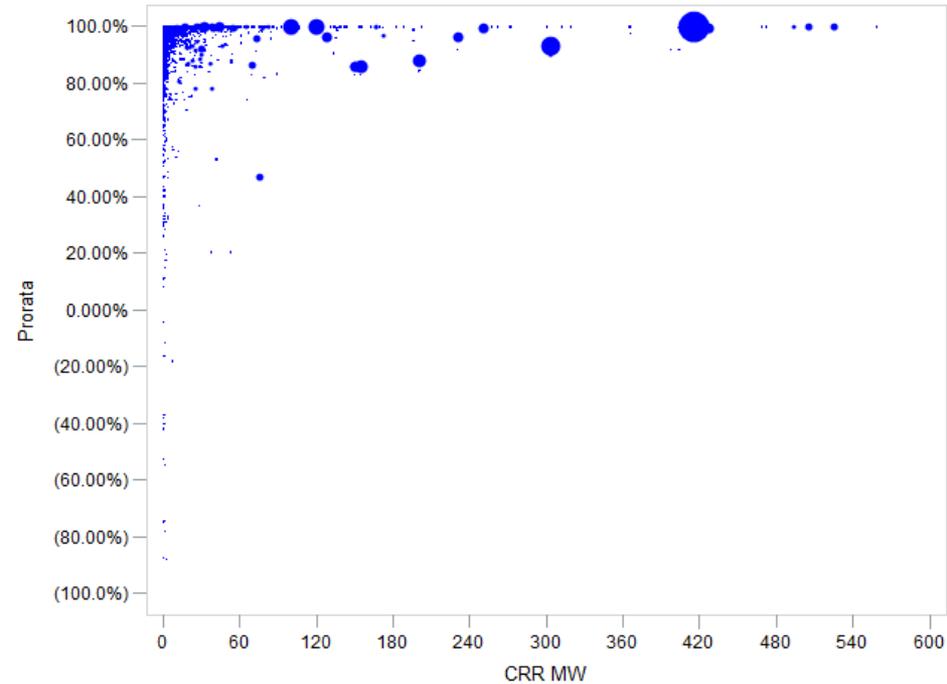
CRRs observed a wide spread of adjustments

Deficit Offset

Surplus Offset

California ISO

Breakdown of CRR notional value and offset deficits (Millions $)

Notional Value		Sink			
		CLAP	**DLAP**	**SP**	**THUB**
Source	G	9.3	0.8	-0.1	1.6
	SP	3.0	0.6		2.3
	THUB	0.3	0.5		

Offset		Sink			
		CLAP	**DLAP**	**SP**	**THUB**
Source	G	-1.4	-0.2	-0.7	-0.3
	SP	-0.9	-0.1		-0.7
	THUB				